



07 NOV 2011

MEMORANDUM OF AGREEMENT
BETWEEN
U.S. COAST GUARD
AND
COMMANDER, MILITARY SEALIFT COMMAND

Subj: MEMORANDUM OF AGREEMENT (MOA)

Encl: (1) Memorandum of Agreement between the U.S. Coast Guard
and Commander, Military Sealift Command

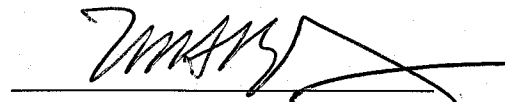
1. Enclosure (1) delineates the responsibilities of the United States Coast Guard and Commander, Military Sealift Command with regard to the inspection of MSC vessels, incident reporting and investigation, certain personnel matters as detailed herein, enrollment of MSC vessels in special regulatory programs, and the financial arrangements regarding USCG/MSC Liaison and Support Activities.

2. This MOA becomes effective upon the latest signature and date of the parties to the Agreement and will remain in effect unless terminated by either party upon 180 days written notification before the effective date of termination to the other party.

3. The Agreement shall be reviewed at least every two years from the date of signing and, if necessary, shall be amended as agreed to by the parties. Interim changes may be made to the MOA as agreed to by both parties.


J. A. Watson

Rear Admiral, U.S. Coast Guard
Director of Prevention Policy


M. H. Buzby

Rear Admiral, U.S. Navy
Commander, Military
Sealift Command

**MEMORANDUM OF AGREEMENT
BETWEEN
MILITARY SEALIFT COMMAND AND U.S. COAST GUARD**

I. Purpose

a. This Memorandum of Agreement (MOA) sets forth, in general terms, the procedures to be followed by the Military Sealift Command (MSC) and the United States Coast Guard (USCG) regarding activities related to the inspection and certification of ships constructed and operated in accordance with regulations prescribed for commercial vessels in MSC's United States Naval Ship (USNS) fleet. This MOA applies only to those MSC vessels owned or bareboat chartered by MSC. This is comprised of two groups, 1) vessels managed directly by MSC and manned with Civil Service Mariners (CIVMAR) referred to as government owned and operated (GOGO) and 2) vessels owned by MSC but maintained and crewed for MSC through the contract service of a private sector ship management company, these vessels are known as Government owned, Contract Operated (GOCO). MSC "certificated vessels" are those vessel that have a Certificate of Inspection (COI) issued by the Coast Guard based on inspection by the USCG or a USCG authorized classification society acting under an alternative compliance program subject to USCG oversight. The certificated vessels are comprised of both GOGO and GOCO vessels. Provisions of this MOA that relate to CIVMAR's apply to GOGO vessels only.

b. This MOA also provides guidance with respect to Licensing, Shipping and Discharge of mariners, investigations of USCG license/certificate/document holders (section XII), casualty investigations and chemical drug testing reports of credentialed mariners. (section XIII). Guidance applies to all MSC USNS vessels, whether or not inspected and/or certificated by the USCG. These particular sections will also apply to all naval vessels (USS) that have MSC CIVMAR's serving as crew members.

c. Nothing in this agreement is meant to alter the obligations of the parties responsible for vessels which are not owned by the government but that are under time charter or contract to MSC. These vessels must comply with applicable United States laws, regulations, ratified treaties, and conventions for the purpose of applying US domestic law.

d. Vessels of the US Maritime Administration and part of the Ready Reserve Force (RRF) may come under the operational control

of MSC when those RRF ships are activated. However, guidance regarding the inspection and certification of RRF vessels is contained in the Memorandum of Understanding between MARAD and the USCG.

d. Additional guidance and clarification for the agreement between MSC and USCG is contained in Annexes I, II and III of this MOA:

Annex I: Special Programs

Annex II: Modification of Standards for USCG-Certificated MSC vessels.

Annex III: USCG/MSC Liaison Duties and Reimbursement for USCG Support Activities

II. Background and Authority

a. In 1949, the Secretary of Defense established MSTs (now MSC) as the operating agency responsible for providing U.S. strategic sealift in support of national security objectives. MSC discharges its mission, in part, through the employment of Sealift Forces from two principal sources: U.S. Government-owned ships and chartered U.S. Merchant Marine ships. The MSC fleet is divided into four distinct programs: Naval Fleet Auxiliary, Special Mission, Prepositioning, and Strategic Sealift.

b. The inspection and certification of MSC USNS vessels has been a longstanding, major national defense support function of the USCG. MSC USNS vessels are "public vessels," as defined in Title 46, United States Code (USC), Section 2101. Accordingly, MSC USNS vessels are exempt from mandatory USCG inspection per Title 46, USC, Section 2109. Both MSC and the USCG agree, however, that USCG inspection of MSC USNS vessels should be continued, as a matter of policy, in order to ensure the safety of each vessel, as well as its crew and cargo.

III. COI: MSC's policy is to have each MSC USNS vessel which is built to commercial standards have a valid COI before it proceeds to sea. If MSC elects to remove a vessel from certificated status permanently then notice will be provided in writing by COMSC to Commandant (CG-5431) with copy to the Coast Guard officer in Charge Marine Inspection (OCMI) that issued the COI. Removal from inspected status on a short term basis due to mission conflict with inspection regulations is strongly

discouraged. This option will only be utilized when both COMSC and the USCG agree that the variation from commercial vessel regulations required for mission accomplishment is so significant that it cannot be reasonably accommodated using risk migration measures and/or partial national defense waivers of regulations as described in this MOA.

IV. Inspection Agreement

a. MSC desires that the USCG inspect and certificate MSC USNS vessels that substantially comply with commercial standards. Although the USCG agrees to inspect these MSC USNS vessels, the USCG will only certificate vessels that meet applicable regulations, except as otherwise allowed by this MOA. For vessels that do not comply in part with applicable regulations, MSC may request that the USCG consider equivalent, alternative safety standards. MSC USNS vessels may also participate in special programs established by the USCG to provide alternate methods of demonstrating compliance with applicable regulations; these special programs are described in Annex I of this MOA. Upon mutual consent, other special programs may be added to Annex I.

b. Prior to USCG inspection of an MSC certificated vessel, the vessel's master and chief engineer shall make the vessel's structure, boilers, pressure vessels, main and auxiliary machinery, electrical installations, lifesaving appliances, fire detecting and extinguishing equipment, pollution prevention, and navigation equipment ready for inspection. During each MSC certificated vessel inspection, the vessel's master will assign vessel personnel, as requested by the attending USCG inspector, to assist as needed to carry out a safe and time-efficient inspection.

V. Applicable Regulations. Titles 33, 46, and 49 of the U.S. Code of Federal Regulations (CFR) contain the regulations that, pursuant to this MOA, will govern the inspection and certification of MSC certificated vessels. Variations in the way that these regulations may be applied to MSC certificated vessels are outlined in Annex I, Special Programs, and Annex II, Modification of Standards for USCG Certificated MSC Vessels.

VI. National Defense Waivers. As previously noted, MSC USNS vessels are exempted by law from the requirements of Coast Guard regulations, but comply as a voluntary matter under this MOA. However, there exists within Title 33 and 46 CFR a mechanism for waivers to be granted to commercial vessels to whom the

regulations to apply as a mandatory matter on the basis of national defense requirements. In order to promote a transparent and consistent approach to the waiver evaluation process the process defined for commercial vessels seeking a national defense waiver will be used for USNS vessels as well. Waiver for compliance with navigation and vessel inspection laws or regulations will be requested and evaluated pursuant to Title 33, CFR, Part 19.06 or 46 CFR, Part 6.06. Under these provisions Commander, MSC will consider, as appropriate, the potential associated risks to the safety of personnel and potential associated environmental consequences versus the urgency of. **These waivers are to be requested in the interest of National Defense only.**

VII. Plan Approval. Per USCG rules and regulations, MSC shall obtain plan approval for the new construction, conversion, or alteration of any MSC certificated vessel prior to commencement work.

VIII. Repairs and Alterations. MSC shall give the cognizant Captain of the Port (COTP)/OCMI sufficient advance notice of repairs or alterations to MSC certificated vessels which facilitates the attendance of a Coast Guard inspector. For vessels to be inspected outside of the United States, 30 days advance notice of planned non-emergency work is required to facilitate scheduling, travel and necessary clearances for inspectors.

IX. Licensing and Manning

a. All crew members on both GOGO and GOCO MSC vessels will be credentialed US mariners. Credentialing for such personnel will be required as a condition of employment aboard all MSC vessels. Active duty military personnel embarked on such vessels are not crew members under the COI and are not subject to this requirement and may not be used to establish minimum safe manning in accordance with the COI.

b. The USCG will specify the minimum manning levels for MSC certificated vessels on each vessel's COI, which also serves as the safe manning document for voluntary compliance with the requirements of the Safety of Life at Sea Convention (SOLAS).

c. Non-credentialed civilian technical support personnel or other specialized workers may be employed onboard for short periods of time as persons in addition to the crew within the limitations prescribed by law and regulation. The continuing

employment of persons lacking US mariner credentials to perform routine tasks underway which are normally within ability of the vessels crew to perform is prohibited, even if these individuals are carried in excess of the crew required by the COI.

X. Shipment and Discharge. The shipment and discharge of crewmembers on MSC vessels, except for embarked CIVMARs and military personnel, will be pursuant to the laws and regulations applicable to commercial vessels of the United States and with the requirements of international convention requirements to which the US is signatory

XI. Marine Casualties and Investigations. Consistent with Title 46, CFR, Subpart 4.05, masters of all MSC vessels will expeditiously report marine casualties to the USCG and will submit a Report of Marine Accident, Injury, or Death (Form CG-2692). MSC Headquarters (or MSFSC as directed) will send the casualty report to the USCG for warships that have a military Commanding Officer with MSC civilian crewmembers. The USCG will investigate such casualties to determine the cause and whether there is evidence of any act of misconduct, inattention to duty, negligence, or willful violations of law on the part of any holder of a USCG-issued license, certificate, or document that may have contributed to the casualty. The USCG and MSC recognize that Naval missions may require MSC vessels to engage in inherently dangerous operations in sometimes marginal weather conditions, to rig deceptive lighting or engage in other deceptive practices, to extinguish navigational lights, to secure navigational equipment such as radars, and to turn off other electronic equipment such as marine radios or the ship's Automated Identification System and Long Range Identification and Tracking (LRIT). The USCG investigation shall not, however, interfere with any concurrent Navy investigation. The USCG, as soon as practical, shall notify the USCG/MSF Liaison Officer of any visit to an MSC vessel by a USCG investigating officer for the purpose of conducting a casualty investigation. The USCG/MSF Liaison Officer shall ensure that appropriate MSC program personnel are aware of the investigation.

XII. Personnel Action. The USCG has the authority to investigate matters pertaining to the conduct of any person who is issued a license, certificate, or document by the USCG, and who is or was employed aboard a ship covered by this MOA. Moreover, the USCG may take administrative action against a Coast Guard issued mariner credential held by any CIVMAR or contract crewmember assigned to an MSC vessel, when possession

of the credential is a condition of employment. The USCG will consider extenuating or mitigating factors unique to the operation of MSC vessels, such as compliance with military orders or any of the actions described in section XI, as may be presented by a mariner, a mariner's representative, or MSC, prior to taking any administrative action against a mariner.

XIII. Chemical Drug Testing Reports. If a MSC civil service mariner (CIVMAR) assigned to an MSC vessel, ~~or an employee applicant,~~ holding a USCG-issued mariner credential, fails a chemical drug test or refuses to participate in a chemical drug test, MSC shall report the drug test results or refusal to participate to USCG Headquarters Office of Investigations and Analysis, COMDT (CG-545) within two weeks of receiving the drug test results or refusal to participate. For Contract Operated vessels, this report shall be transmitted via Form USCG 2692(B).

XIV. Reimbursements. MSC will reimburse the USCG for the full-time equivalent (FTE) effort required to perform inspection and investigation activities on MSC vessels, and for other efforts as may be requested by MSC. Details on reimbursement are outlined in Annex III of this MOA. Payment for civilian marine inspector overtime is not included in the basic FTE cost covered under this MOA and will be paid by MSC separately as appropriate.

XV. Implementation. This MOA becomes effective upon signature by both parties. This MOA supersedes the previous USCG-MSC MOA signed on **November 5, 2007**. This MOA may be terminated within 180 days following the delivery of written notification of termination from either party. This MOA will be reviewed at least every two years from the date of signing. Any corrections, comments and/or recommendations pertaining to this MOA should be submitted to the USCG/MSC Liaison Officer (Ph: 202 685-5726) or Director, Engineering Policy Management and Regulatory Division (E-mail: **Fred.Woody@navy.mil**, Ph: 202 685-5727).

ANNEX I

Special Programs

1. Underwater Hull Survey in Lieu of Dry-docking (UWILD) Program. MSC certificated vessels may participate in a program allowing underwater hull surveys to be employed in lieu of a USCG required dry-dock examination. To enroll an MSC certificated-vessel in the UWILD program, MSC shall follow the procedures and application process outlined in USCG Navigation and Vessel Inspection Circular (NVIC) 1-89 and/or other procedures as may be required by the USCG. Additional in water surveys of the hull may be required for examination of damage, or evaluation of condition for the granting of dry-dock examination extensions. For in water surveys that are conducted in lieu of a dry-dock examination, water shall be of sufficient clarity so as to view the full height of the propeller and rudder in a single view. Once enrolled in the UWILD program, MSC must make a request to the USCG Headquarters Office of Vessel Activities, COMDT (CG-543), for continuation in the program for vessels that reach 15 years of age. The USCG will track participation in this program using the Marine Information for Safety and Law Enforcement (MISLE) System.

2. Expanded Dry-docking Intervals for Vessels in Reduced Operating Status (ROS). A five-year dry-docking interval is available for MSC certificated vessels in ROS. Participating vessels may not exceed three years' cumulative operating time within the five-year period. Once three years' cumulative operating time is reached, the vessel shall be immediately dry-docked for credit. To enroll a vessel in this program, MSC shall establish the operating time accumulated since the last credited dry-docking and notify the USCG so that the USCG may update the MISLE System to reflect the vessel's ROS and new dry-dock date. MSC is responsible for recording total operating time for each participating vessel and will notify the USCG when the three-year limit is reached. **Any vessel subject to the Enhanced Survey Program is ineligible to participate in this program due to IMO Resolution A.744(18) as amended.**

3. Military Sealift Command - Alternate Compliance Program (MSC-ACP). MSC vessels that are in full compliance with the requirements of applicable international conventions and agreements, a recognized classification society's class rules, and the U.S. Supplement prepared by the classification society and accepted by the USCG, may participate in MSC-ACP. Note that compliance with the International Ship and Port Facility

(ISPS) Code is neither a prerequisite for enrollment into or required for continued participation in ACP for MSC (MSC-ACP)vessels. Contract operators of MSC certificated vessels shall be responsible for obtaining and maintaining all SOVCs' incidental to enrollment in the ACP (including the Safety Management Certificate & the Document of Compliance and all other Statements of Voluntary Compliance (SOVC) for relevant international conventions). Under the ACP, the USCG will accept surveys performed by an authorized classification society, as equivalent to tests and examinations required for initial and in-service inspections for certification, periodic reexaminations, and dry-dock examinations. Under this program, the USCG will conduct oversight of the authorized classification society. To enroll an MSC vessel in ACP, MSC, or the contract operator listed in the associated vessel operating contract, will submit an Application for Inspection of U.S. Vessel (Form CG-3752) to the cognizant Officer in Charge, Marine Inspection (OCMI), per Title 46, Part 8.440 and NVIC 2-95. The Form CG-3752 shall indicate MSC's desire to have the vessel enrolled in the MSC-ACP. **A supplemental procedure will be maintained by the American Bureau of Shipping and subject to review and approval by the USCG that defines procedures specific to MSC-ACP as a modification to commercial vessel ACP.**

4. Streamlined Inspection Program (SIP). MSC certificated vessels may participate in a program that allows onboard and shore side vessel operating personnel to conduct the majority of USCG required inspections. Under SIP, a USCG marine inspector will conduct periodic and follow-on inspections as necessary to ensure compliance with USCG administered regulations. The intent of this program is to develop, under USCG supervision, a plan by which the inspections of vessels are carried out by qualified ship personnel with approved test procedures. To apply for SIP enrollment, MSC shall submit an application, in writing, to the cognizant OCMI per Title 46, CFR, Part 8.520.

ANNEX II

Modification of Standards for USCG Certificated MSC Vessels

1. Military Standards. The USCG may accept material and equipment that meet military or other federal specifications and standards on a case by case basis. In addition, the USCG may accept U.S. Navy, or MSC plans and instructions that meet military or other federal specifications and standards. MSC shall submit requests for acceptance of such plans, instructions, materials and/or equipment to the USCG Headquarters Office of Vessel Activities COMDT (CG-543). Once requests are reviewed and accepted, the USCG will provide MSC Headquarters with a letter acknowledging their acceptance. A copy of this letter should be maintained onboard each affected MSC vessel. The USCG shall update the MISLE System to reflect the USCG's acceptance of military or other specifications and standards. MSC vessels have Navy-approved vessel security plans. The USCG will not review vessel security plans for these vessels or otherwise require compliance with the Maritime Transportation Security Act (MTSA) or related USCG regulations as part of the COI process for these vessels.

2. Vessels of Special Design and Operations. The USCG may, on a case-by-case basis, permit variations of regulatory requirements for MSC vessels of special design or operations, provided that the vessel substantially complies with applicable regulations MSC shall submit requests for consideration of such variations to the USCG Headquarters Office of Vessel Activities, COMDT (CG-543). Requests should clearly describe the special design or operation features underlying the request, give good reason for a variation, and outline the particulars of the proposed variation. Once requests are reviewed at USCG Headquarters, the USCG will provide MSC Headquarters with a letter either acknowledging acceptance or denying the proposed variation. A copy of acceptance letters should be maintained on board each affected MSC vessel. The USCG shall update the MISLE System to reflect any variances of regulatory requirements.

3. Pressure Testing of Cargo Pipe. Grade E oil cargo may be used as a test medium for the static liquid pressure tests of cargo pipelines on MSC oilers or other support vessels engaged in underway replenishment operations, provided the approved testing procedures are followed. Cargo pipeline testing intervals shall coincide with vessel dry-dock intervals. This means that cargo pipelines must undergo two static liquid

pressure tests within any five-year period, and that no more than three years may elapse between any two tests.

4. Lifesaving Equipment. The USCG may accept alternative lifesaving appliances or arrangements if MSC can demonstrate that such alternatives are as closely as possible equivalent to the level of safety that would be achieved with the appliances and arrangements required by applicable regulations. When any lifesaving appliance or arrangement on an MSC certificated vessel is replaced or the vessel undergoes repairs or alterations involving the replacement of, or any addition to, existing lifesaving appliances or arrangements, each new lifesaving appliance or arrangement must meet current regulations. MSC requests for USCG consideration of lifesaving alternatives shall follow the application procedures outlined in paragraph 2 of this annex. A copy of acceptance letters should be maintained on board each MSC certificated vessel with equivalent equipment. The USCG shall update the MISLE System to reflect any USCG-accepted alternative lifesaving appliances or arrangements.

5. Damage Control/Firefighting Equivalency. The USCG may accept alternative damage control or firefighting appliances arrangements or procedures if MSC can demonstrate that such alternatives are as closely as possible equivalent to the level of safety that would be achieved as required by applicable regulations. , MSC requests for USCG consideration of damage control or firefighting alternatives shall follow the procedures outlined in paragraph 2 of this annex. A copy of acceptance letters should be maintained on board each affected MSC certificated vessel. The USCG shall update the MISLE System to reflect any USCG accepted alternative damage control or firefighting appliances or arrangements.

6. Pyrotechnics. MILSPEC pyrotechnics shall be accepted in lieu of USCG approved pyrotechnics.

7. Hospital Vessels. MSC's T-AH class hospital vessels shall be certificated as troop vessels/miscellaneous vessels vice passenger vessels, and the military patients treated aboard these vessels shall be considered military personnel rather than passengers. The period of validity for a COI issued to these vessels shall be five years per Title 46, CFR, Part 91.01, instead of a one-year period of validity for COIs issued to passenger vessels. However, the manning, equipment and operational requirements for these vessels shall comply with the passenger vessel regulations contained in Title 46, CFR,

Subchapter H. If these vessels are used in a mission to carry non-military personnel, the responsible USCG OCMI may require additional safety measures.

8. Towing Vessels. MSC operates vessels that irregularly engage in towing operations, specifically the T-ATF Fleet Ocean Tugs. These vessels are regularly employed in operations unrelated to towing. For consistency, T-ATF vessels shall be certificated as Public Vessels, Unclassified. When engaged in towing operations, the Master and Officer in Charge of Navigation Watches will be certified in accordance with 46 CFR Part 15 with respect to having the appropriate Towing Endorsement on their respective mariner credentials.

9. Drug Testing Documentation. An MSC CIVMAR will be considered compliant with USCG drug testing documentation requirements if an official MSC letter is provided to the USCG as needed, attesting that the mariner has been subject to a satisfactory random drug testing program for at least 60 of the previous 185 days. The letter must also attest that the mariner has neither failed nor refused to participate in any required tests. USCG Regional Exam Centers shall not require separate periodic drug tests for CIVMARs seeking USCG mariner credential upgrades or renewals if this documentation is provided. **The U.S. Coast Guard will not inspect vessels to ensure compliance with workplace drug testing requirements as promulgated by the Department of the Navy.**

10. Persons in Addition to Crew. MSC certificated vessels may carry civilian or military personnel, such as ship repair teams, inspection teams, dive teams, and force protection teams for the express purpose of carrying out the business of the vessel and who perform work of a specialized nature not normally considered to be within the normal skills or capability of the crew. (routine maintenance such as cleaning and painting are not considered to be a special skill). Such personnel shall not be directly involved in the operation or navigation of the vessel. These civilian or military personnel will not be considered members of the crew, nor will they be considered passengers. Such personnel are not subject to the mariner credential requirements contained in Title 46, CFR, Parts 10-14, but should be reflected in the total number of persons allowed aboard the vessel. These personnel will be provided with accommodations, healthcare and nutrition equivalent to a regular crewmember while employed onboard. **The requirements of 46 CFR 190.20-20,**

sleeping accommodations, shall not be applicable to temporarily embarked military security teams.

11. International Conventions. MSC vessels are not subject to the provisions of the International Conventions. Accordingly, MSC vessels will not be issued formal IMO Convention certificates. However, each MSC vessel that voluntarily complies with these international standards may be issued a Statement of Voluntary Compliance (SOVC) as documentary evidence of substantial compliance. A recognized class society may issue a SOVC in lieu of any certificate for which they have current USCG authorization; only to vessels that possess a COI. The USCG will issue SOVCs in lieu of certificates for which class societies are not authorized. The SOLAS SOVCs and the MARPOL SOVC may be issued by a recognized classification society, whereas only the USCG may issue the International Ship Security (ISSC) SOVC.

12. Vessel Security. MSC vessels comply with stringent U.S. Navy standards for vessel security rather than the International Ship & Port Facility Security (ISPS) Code. The USCG will not monitor these vessels for compliance with the ISPS Code or issue ISSC SOVCs for these vessels. In accordance with 33 CFR 104.110(a) MSC vessels are not subject to the USCG maritime vessel security regulations contained in 33 CFR Part 104.

13. Long Range Identification and Tracking (LRIT). In accordance with 46 USC 501, the Coast Guard has granted a waiver of the domestic and international requirements for AIS and LRIT on time chartered vessels. This waiver is valid for as long as the time chartered ships are exclusively engaged in non-commercial service under the operational control of MSC and within an area of operation deemed by the Department of Defense to necessitate increased Operational Security. The USCG requests that MSC provide notice of the ships to which this waiver applies and that a copy of the waiver letter be maintained onboard each of those ships to which the waiver applies. Further, the USCG requests that whenever a ship is no longer entitled to the waiver, that the Coast Guard receives notification via the USCG Liaison Officer.

14. Electronic Charting. Use of electronic data to navigate MSC government owned vessels and MSC demise chartered vessels engaged in non-commercial service shall comply with USCG (CG-3PCV-1) letter serial 16711 dated 3 May 2007.

15. Continued operation of single skin tankers beyond Marpol Annex I & the OPA 90 Phase out dates. MSC's T-AO Class single-hull oilers, comply in all other respects with MARPOL Annex I and are exempt from the double hull requirements under Article 3, paragraph 3, of MARPOL 73 as amended. Additionally, they are exempt from the double hull requirements of both US law and regulation. However, they are not eligible to receive a Statement of Voluntary Compliance for Oil Pollution Prevention after their MARPOL I/20.7 phase-out date if no double hull is installed. Notwithstanding this lack of a MARPOL Annex I SOVC they may continue to be certificated by the USCG using the procedures described in this agreement for an Alternate Compliance Program specific to MSC (MSC-ACP). As noted previously, this program provides a supplemental procedure to be maintained by the American Bureau of Shipping and subject to review and approval by the USCG. Additionally, Single Hull oilers that were voluntarily enrolled in the International Maritime Organization (IMO) Condition Assessment Scheme (CAS) by MSC will continue in that program indefinitely until/unless a double hull is installed.

16. T-AKE Class vessels. The vessel fuel system and cargo systems (both D76 and JP5) can be cross-connected by removable spool pieces and locked, closed valves. When operationally necessary to meet military requirements, the T-AKEs may install the spool piece and transfer oil from the ship's fuel system to the cargo system. This operation is acceptable, considering the transfer will take place at sea, where the risks of collision, grounding or fuel oil spills are minimized. Changes to US and International pollution prevention regulations require the final four vessels of the T-AKE class, delivered after 1 Aug 2010, to meet oil fuel protection regulations (regulation 12A of MARPOL Annex I). The first ten vessels of the T-AKE class, delivered prior to that date, are not required to meet those regulations. Vessels delivered after 1 August 2010 will not comply with 12A, however the American Bureau of Shipping may conduct periodic inspections and issue a Statement of Voluntary Compliance for under MARPOL Annex I notwithstanding the lack of compliance with regulation 12A. Further, as with the T-AO vessels, the T-AKE class vessels may be enrolled in MSC-ACP.

17. Transportation Worker Identification Credentials (TWIC). The USCG will not apply Title 46, CFR, Part 15.415 to MSC vessels, including as it might apply to both vessels and individual mariners while they are actually serving aboard MSC vessels. Further, the USCG will not initiate suspension and revocation action against any mariners under the provisions of

Title 46, CFR, Parts 10.113 or 12.01-11, solely based upon actual service of the mariner on board an MSC vessel. Mariners that serve aboard MSC vessels will need to comply with the TWIC requirements, beginning on the published TWIC national compliance date, in order to renew their credential, or to serve aboard non-MSC vessels.

ANNEX III

USCG/MSC Liaison Duties and Reimbursement for USCG Support Activities

1. General Provisions. This annex establishes general guidance regarding the roles and responsibilities of the USCG/MSC Liaison Officer and describes the basis for reimbursement by MSC to the USCG for support efforts provided to MSC and associated costs incurred by the USCG. Additionally, this agreement sets forth the circumstances under which such costs will be incurred and the procedures for coordination of payment.

2. USCG Support Requirements

a. The USCG is authorized to administer laws and promulgate and enforce regulations in order to promote the safety of life and the protection of property at sea, as well as protect the marine environment. Full-time support of MSC by USCG personnel is essential due to the USCG's law enforcement, homeland security, and vessel inspection and certification roles, and the number of MSC certificated vessels. For financial and program planning purposes, ten USCG full-time equivalent (FTE) persons per year shall be considered necessary to support this MOA as further detailed in paragraph 3 of this annex. The primary roles of these individuals are to conduct safety inspections of MSC vessels and provide advice to MSC on marine safety and security issues.

b. The USCG/MSC Liaison Officer will serve as an advisor to Commander, MSC and assist in the MSC fleet inspection and certification process, the investigation of marine casualties, and matters related to licensing and certification of CIVMARs employed by MSC. The USCG/MSC Liaison Officer will also support MSC in areas of port, harbor and coastal ship security, combating terrorism, and marine environmental protection. This support will be either direct or by identifying the appropriate USCG resources.

3. Funding/Billing

a. MSC is not subject to vessel inspection user fees and instead will provide reimbursement to the Coast Guard directly for personnel resource expenditure associated with certification of MSC vessels. Not later than 1 January of each year, MSC will submit to the USCG, a list of MSC vessels that is annotated to indicate those vessels that are either subject to USCG

inspection, participation in special programs, or likely to require inspections during the upcoming fiscal year. The USCG will use this information to determine whether or not an adjustment is needed to the annual cost estimate or the number of marine inspectors and/or other USCG personnel required to support MSC.

b. Personnel support costs will be billed to MSC on the basis of USCG annual standard personnel costs, adjusted annually. Although subject to change, the following USCG personnel are required to support MSC vessel inspections and related marine safety, security, and environmental protection programs:

(1) One designated USCG/MSC Liaison Officer (military O-5), assigned to the Engineering Directorate at MSC Headquarters;

(2) One designated USCG Director, MSC Policy and Inspection Program (civilian GS 14/15), assigned to USCG Headquarters Office of Vessel Activities, COMDT (CG-543);

(3) Eight USCG Marine Inspectors FTE (military CWO to O-3 or civilian GS 12/13) for the purpose of conducting field activities including plan review, investigations and inspections of MSC certificated-vessels. These FTE represent the aggregate of MSC inspection and certification work distributed across the entire Coast Guard organization. They are not specific individuals dedicated to MSC inspection activity. Each Coast Guard field activity will provide inspection services as requested by MSC in the same manner as if requested by a commercial vessel operator whose vessel is subject to inspection.

c. Not later than 15 March of each year, the USCG will submit a cost estimate to MSC for budgetary purposes. The cost estimate will cover the current year (CY), upcoming fiscal year (BY) and the budget year plus 1 (BY +1).

d. The number and type of USCG inspections and examinations conducted on MSC certificated vessels each year shall be per the laws and regulations applicable to commercial vessels operating on similar routes and in similar service, except as amended pursuant to Annex I and/or Annex II of this MOA.

e. Unless this agreement is canceled, the person serving in the USCG/MSC Liaison Officer position will be expected to complete a two-year assignment at MSC Headquarters, subject to the needs of the service.

f. Foreign travel costs of USCG personnel to conduct inspections or investigations of MSC vessels outside of the United States are not included under this MOA. These costs shall be reimbursed under a separate standard billing process initiated by the USCG Office conducting the inspection or investigation.

g. Civilian Marine Inspector Overtime expenses are not included in the FTE costs associated with this MOA. These costs shall be reimbursed under a separate standard billing process initiated by the USCG Office conducting the inspection.

4. Funding/Billing Procedures. Current year funding will be passed to USCG from MSC via a Military Interdepartment Purchase Request (MIPR) upon agreement to this MOA for the current year requirements and at the beginning of each subsequent fiscal year citing appropriate Lines of Accounting (LOAs) to be charged. USCG Headquarters Office of Budget Execution COMDT (CG-ACO-R32), will process billings for subject services after the services have been provided to MSC utilizing the Defense Finance and Accounting Service's (DFAS) standard Intergovernmental Payment and Collection (IPAC) process thus charging MSC's LOAs cited on the annual MIPRs. This should be conducted with MSC's DFAS support office.